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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह जलन संकलन
के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bills were introduced in Lok Sabha on the 6th May, 1986:—

BILL No. 55 1986

A Bill to provide for the levy and collection of a cess on all payments made for the import of technology for the purposes of encouraging the commercial application of indigenously developed technology and for adapting imported technology to wider domestic application and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Thirty-seventh Year of the Republic of India as follows:—

1. (1) This Act may be called the Research and Development Cess Act, 1986.

(2) It extends to the whole of India except the State of Jammu and Kashmir.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In this Act, unless the context otherwise requires,—

(a) “cess” means the cess levied under section 3;

(b) “Development Bank” means the Industrial Development Bank of India established under section 3 of the Industrial Development Bank of India Act, 1964;

Short
title,
extent
and
commen-
cement,

Defini-
tions,

(c) "Fund" means the Venture Capital Fund formed under section 5;

(d) "import", in relation to any technology, means the bringing into India of, such technology from a place outside India;

(e) "industrial concern" has the meaning assigned to it in clause (c) of section 2 of the Industrial Development Bank of India Act, 1964, and includes any other person in whose favour a foreign collaboration involving the import of technology is approved by the Central Government; 18 of 1964

(f) "prescribed" means prescribed by rules made under this Act;

(g) "specified agency" means—

(i) the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934; or 2 of 1934.

(ii) the State Bank of India constituted under the State Bank of India Act, 1955; or 23 of 1955.

(iii) such other bank or institution as may be specified in this behalf by the Central Government;

(h) "technology" means any special or technical knowledge or any special service required for any purpose whatsoever by an industrial concern under any foreign collaboration, and includes designs, drawings, publications and technical personnel.

Levy and collection of cess on payments made towards import of technology.

3. (1) There shall be levied and collected, for the purposes of this Act, a cess at such rate not exceeding five per cent. on all payments made towards the import of technology, as the Central Government may, from time to time, specify, by notification, in the Official Gazette.

(2) The cess shall be payable to the Central Government by an industrial concern, which imports technology, on or before making any payments towards such import and shall be paid by the industrial concern to any specified agency.

Crediting proceeds of cess to Consolidated Fund of India.

4. The proceeds of the cess levied and collected under section 3 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, pay to the Development Bank, from time to time, from out of such proceeds (after deducting the cost of collection), such sums of money as it may think fit for being utilised for the purposes of the Fund.

Venture Capital Fund.

5. (1) There shall be formed for the purposes of this Act a Fund to be called the Venture Capital Fund and such Fund shall form part of the Development Assistance Fund established by the Development Bank under section 14, of the Industrial Development Bank of India Act, 1964, and the provisions of Chapter V of that Act shall, save as otherwise expressly provided in this Act, apply to such Fund. 18 of 1964.

(2) There shall be credited to the Fund—

(a) all amounts paid under section 4;

(b) any amount given as grants by the Central Government for the purposes of this Act;

(c) any amount given to the Fund from any other source, and

(d) any income from investment of the amount in the Fund.

6. The Fund shall be applied by the Development Bank to meet the expenditure incurred in connection with the measures and facilities which, in the opinion of the Development Bank, are necessary or expedient to provide equity capital or any other form of financial assistance to industrial concerns attempting commercial applications of indigenous technology or adapting imported technology to wider domestic applications.

Applica-
tion of
Fund.

7. Notwithstanding anything contained in this Act, if the Central Government is satisfied that it is necessary or expedient so to do in the public interest, it may, by notification in the Official Gazette and subject to such conditions, if any, as may be specified therein, exempt any industrial concern from the payment of the cess payable under this Act for the import of such technology as may be specified in such notification.

Power of
Central
Govern-
ment to
exempt.

8. The Development Bank may require an industrial concern to furnish, for the purposes of this Act, such statistical and other information in such form and within such period as may be prescribed.

Power to
call for
informa-
tion.

9. (1) If any cess payable by an industrial concern is not paid on or before making payments towards the import of technology, it shall be deemed to be in arrears and the same shall be recovered by the Development Bank in such manner as may be prescribed.

Penalty
for non-
payment
of cess.

(2) The Development Bank may, after such inquiry as it deems fit, impose on the industrial concern, which is in arrears under sub-section (1), a penalty not exceeding five times the amount in arrears:

Provided that before imposing such penalty, such industrial concern shall be given a reasonable opportunity of being heard, and if, after such hearing, the Development Bank is satisfied that the default was for any good and sufficient reason, no penalty shall be imposed under this sub-section.

10. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Act.

Power to
make
rules.

(2) In particular and without prejudice to the foregoing power, such rules may provide for the following matters, namely:—

(a) the form in which and the period within which the information under section 8 may be furnished;

(b) the manner in which the arrears of cess may be recovered under sub-section (1) of section 9;

(c) any other matter which is required to be, or may be, prescribed.

(3) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session, immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

STATEMENT OF OBJECTS AND REASONS

It was envisaged in the Long term Fiscal Policy announced in December, 1985 that a "Research and Development cess" would be imposed on all payments made for import of technology. The proceeds of the cess so levied shall be paid to the Industrial Development Bank of India after due appropriation by Parliament by law for being utilised for the purposes of the Venture Capital Fund. The proposed Venture Capital Fund shall be utilised for providing further incentives for the commercial application of indigenously developed technology and to adapt imported technology to wider domestic applications.

2. The Bill seeks to achieve the above objectives.

NEW DELHI;
The 1st May, 1986.

JANARDHANA POOJARY.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117
OF THE CONSTITUTION OF INDIA

[Copy of letter No. F. 1/4/86-FI&T, dated the 2nd May, 1986, from Shri Janardhana Poojari, Minister of State in the Ministry of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the Research and Development Cess Bill, 1986, recommends under clauses (1) and (3) of article 117 of the Constitution of India the introduction in and consideration of the Bill by Lok Sabha.

FINANCIAL MEMORANDUM

Clause 4 of the Bill provides that the Central Government may, if Parliament, by appropriation made by law in this behalf, so provides, pay to the Development Bank, from time to time, from out of such proceeds (after deducting the cost of collection), such sums of money as it may think fit. The collection of the cess will involve some expenditure from the Consolidated Fund of India. It is not possible at this stage to estimate the amount of such expenditure. However, it is tentatively estimated that the collection of the cess will be about Rs. 15 crores per annum on an average. The expenses of collection would reasonably come to about Rs. 15 lakhs per annum. As only the balance of the proceeds, after deducting the cost of collection, will be utilised for making payments to the Industrial Development Bank of India, there will, in effect, be no net outgo from the Consolidated Fund of India.

2. The expenditure on the collection of the cess will be of a recurring nature and the Bill does not involve any other expenditure whether of a recurring or non-recurring nature.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 10 of the Bill seeks to empower the Central Government to make rules for carrying out the provisions of the proposed legislation. The matters with respect to which rules may be made relate to the form in which and the period within which information is to be furnished, the manner of recovery of the arrears of the cess and any other matter which is required to be, or may be, prescribed.

2. The delegation of legislative power is, therefore, of a normal character.

BILL NO. 56 OF 1986

A Bill further to amend the Income-tax Act, 1961.

BE it enacted by Parliament in the Thirty-seventh Year of the Republic of India as follows:—

1. (1) This Act may be called the Income-tax (Amendment) Act, 1986.

Short
title and
com-
mence-
ment.

(2) It shall come into force on the 1st day of April, 1987.

43 of 1961.

2. In section 36 of the Income-tax Act, 1961 (hereinafter referred to as the principal Act), in sub-section (1),—

Amend-
ment of
section
36.

(a) after clause (ia), the following clause shall be inserted, namely:—

“(ib) the amount of any premium paid by cheque by the assessee as an employer to effect or to keep in force an insurance on the health of his employees under a scheme framed in this behalf by the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalisation) Act, 1972 and approved by the Central Government;”;

57 of 1972.

(b) in clause (viii), for the portion beginning with the words "in respect of any provision" and ending with the words "whichever is higher.", the following shall be substituted, namely:—

"in respect of any provision for bad and doubtful debts made by—

(a) a scheduled bank [not being a bank approved by the Central Government for the purposes of clause (viii) or a bank incorporated by or under the laws of a country outside India] or a non-scheduled bank, an amount not exceeding five per cent. of the total income (computed before making any deduction under this clause and Chapter VIA) and an amount not exceeding two per cent. of the aggregate average advances made by the rural branches of such bank computed in the prescribed manner;

(b) a bank, being a bank incorporated by or under the laws of a country outside India, an amount not exceeding five per cent. of the total income (computed before making any deduction under this clause and Chapter VIA).".

Insertion
of new
section
30 D.

3. After section 80CC of the principal Act, the following section shall be inserted, namely:—

Deduction
in respect
of medi-
cal insur-
ance
premia.

"80D. (1) In computing the total income of an assessee, there shall be deducted, at the following rates, such sum as is specified in sub-section (2) and paid by him by cheque in the previous year out of his income chargeable to tax, namely:—

(i) in a case where such sum does not exceed in the aggregate three thousand rupees, the whole of such sum; and

(ii) in any other case, three thousand rupees.

(2) The sum referred to in sub-section (1) shall be the following, namely:—

(a) where the assessee is an individual, any sum paid to effect or to keep in force an insurance on the health of the assessee or on the health of the wife or husband, dependent parents or dependent children of the assessee;

(b) where the assessee is a Hindu undivided family, any sum paid to effect or to keep in force an insurance on the health of any member of the family;

(c) where the assessee is an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu, any sum paid to effect or to keep in force an insurance on

the health of any member of such association or body or on the health of the dependent children of the members of such an association or body:

Provided that such insurance shall be in accordance with a scheme framed in this behalf by the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalisation) Act, 1972, and approved by the Central Government."

57 of 1972.

4. In section 80HHB of the principal Act, for the words "twenty-five per cent.", wherever they occur, the words "fifty per cent." shall be substituted.

**Amend-
ment of
section
80HHB.**

STATEMENT OF OBJECTS AND REASONS

The Bill seeks to amend the Income-tax Act, 1961 for the following purposes, namely:—

(a) to allow a deduction to an employer in respect of premia paid by him by cheque for insurance on the health of his employees in accordance with a scheme framed by the General Insurance Corporation of India and approved by the Central Government;

(b) to provide a deduction to an assessee up to Rs. 3,000 a year in respect of premia paid by him by cheque for insurance,—

(i) on his health or on the health of his spouse or dependent parents or children; and

(ii) in the case of a Hindu undivided family or association of persons or body of individuals consisting of (in either case) only of husband and wife governed by the system of community of property in force in the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu, on the health of any member of such family;

(c) to provide a deduction on provisions for bad debts made by all banks up to 5 per cent. of their total income and an additional 2 per cent. of the aggregate average advances made by rural branches of banks; and

(d) to increase the admissible deduction to 50 per cent. (as against 25 per cent. at present) of the profits and gains of an Indian company or a person (other than a company) who is resident in India and earns income from projects outside India.

VISHWANATH PRATAP SINGH.

NEW DELHI;
The 3rd May, 1986

SUBHASH C. KASHYAP,
Secretary-General.